

THE CANYONS METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**THE CANYONS METROPOLITAN DISTRICT NO. 3
SUMMARY
2021 BUDGET
For the Years Ended and Ending December 31,2021**

1/19/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | - | - | 17 |
| Specific ownership taxes | - | - | 1 |
| Developer advance | - | 800,000 | 3,049,997 |
| Bond issuance | - | 750,000 | 3,000,000 |
| Total revenues | - | 1,550,000 | 6,050,015 |
| Total funds available | - | 1,550,000 | 6,050,015 |
| EXPENDITURES | | | |
| General Fund | - | 50,000 | 50,000 |
| Debt Service Fund | - | - | 15 |
| Capital Projects Fund | - | 1,500,000 | 6,000,000 |
| Total expenditures | - | 1,550,000 | 6,050,015 |
| Total expenditures and transfers out requiring appropriation | - | 1,550,000 | 6,050,015 |
| ENDING FUND BALANCES | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
For the Years Ended and Ending December 31,**

1/19/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|--------------------------------|----------------|-------------------|----------------|
| ASSESSED VALUATION | | | |
| Agricultural | \$ - | \$ 310 | \$ 310 |
| | - | 310 | 310 |
| Certified Assessed Value | <u>\$ -</u> | <u>\$ 310</u> | <u>\$ 310</u> |
| MILL LEVY | | | |
| General | 0.000 | 0.000 | 9.000 |
| Debt Service | 0.000 | 0.000 | 45.000 |
| Total Mill Levy | <u>0.000</u> | <u>0.000</u> | <u>54.000</u> |
| PROPERTY TAXES | | | |
| General | \$ - | \$ - | \$ 3 |
| Debt Service | - | - | 14 |
| Levied property taxes | - | - | 17 |
| Budgeted property taxes | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17</u> |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ - | \$ - | \$ 3 |
| Debt Service | - | - | 14 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17</u> |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2021 BUDGET
For the Years Ended and Ending December 31,**

1/19/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|--------------------------------------|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | - | - | 3 |
| Developer advance | - | 50,000 | 49,997 |
| Total revenues | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| Total funds available | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | - | 15,000 | 15,000 |
| Dues | - | 1,000 | 1,000 |
| Insurance and bonds | - | 5,000 | 5,000 |
| Legal | - | 15,000 | 15,000 |
| Miscellaneous | - | 14,000 | 14,000 |
| Total expenditures | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| Total expenditures and transfers out | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2021 BUDGET
For the Years Ended and Ending December 31,**

1/19/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | - | - | 14 |
| Specific ownership taxes | - | - | 1 |
| Total revenues | <u>-</u> | <u>-</u> | <u>15</u> |
| Total funds available | <u>-</u> | <u>-</u> | <u>15</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Bond interest - Series 2020 | - | - | 15 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>15</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>-</u> | <u>15</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2021 BUDGET
For the Years Ended and Ending December 31,**

1/19/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|------------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Developer advance | - | 750,000 | 3,000,000 |
| Bond issuance | - | 750,000 | 3,000,000 |
| Total revenues | <u>-</u> | <u>1,500,000</u> | <u>6,000,000</u> |
| Total funds available | <u>-</u> | <u>1,500,000</u> | <u>6,000,000</u> |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Bond issuance costs | - | 185,835 | 15,000 |
| Repay developer advance | - | 750,000 | 3,000,000 |
| Capital outlay | - | 564,165 | 2,985,000 |
| Total expenditures | <u>-</u> | <u>1,500,000</u> | <u>6,000,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>1,500,000</u> | <u>6,000,000</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide financing for the design, acquisition, installation and construction of storm and sanitary sewers, water systems, streets, parks and recreation facilities, transportation systems, television relay and translator facilities, security, mosquito control and fire protection and operation and maintenance of the District. The District's service area is located in the City of Castle Pines in Douglas County, Colorado and the District operates in connection with District Nos. 1, 2, 4 and 8 - 11.

The District was formed by District Court Order on December 19, 2001, and held its organizational meeting on March 14, 2002. The relationship between the Service District and Financing Districts, including the means for approving, financing, constructing and operating the public services and improvements needed to serve the development, will be established by means of a Master Intergovernmental Agreement between the applicable Districts as the project evolves.

On November 6, 2001, District voters approved authorization to increase property taxes up to \$5,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District. Debt authorization was approved in the amount of \$151,000,000 for the above listed facilities and an equal amount for refunding debt. The voters also authorized debt of \$5,000,000 for the costs of operating and maintaining the District's systems and \$10,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

On November 4, 2014, District voters approved authorization to increase property taxes up to \$100,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District as well as \$100,000,000, annually, as necessary to pay for the capital expenditures of the District. Debt authorization was approved in the amount of \$2,260,000,000 for the above listed facilities and \$226,000,000 for refunding debt. The voters authorized debt of \$226,000,000 for the costs of operating and maintaining the District's systems and \$50,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. The voters also authorized \$226,000,000 in debt for both Intergovernmental Agreements and Private Agreements. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

Pursuant to the Amended and Restated Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills. This limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result. The adjustment only applies to the debt service portion of the mill levy.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected. The budget assumes that specific ownership taxes are allocated to the General Fund.

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures are to be funded by the Developer. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse others from bond proceeds and other available revenue.

Bond Issuance

The District anticipates a draw on its Series 2020A(3) Bonds in 2021.

Expenditures

General and Administrative Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance and other administrative expenses.

County Treasurer's Collection Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The details of the District's general obligation bonds outstanding during 2020 are as follows:

Limited Tax General Obligation Bonds, Series 2020A(3) (the Bonds)

Bond Proceeds

The District authorized the issuance from time to time of the Bonds in the aggregate principal amount of up to \$15,750,000 in accordance with an Indenture of Trust between the District and UMB Bank, n.a. as trustee dated September 1, 2020. On September 29, 2020, the District issued \$183,000 of principal to pay the costs of issuing the Bonds. The remaining aggregate principal amount of the Bonds is expected to be issued on a drawdown basis in the future. The Bonds are being issued to finance the acquisition, construction, relocation, installation, or completion of facilities under the Reimbursement Agreement.

Bonds Details

The Bonds will be dated as of their respective dated dates, will bear interest at 6.000% per annum, and are payable annually on December 1, beginning on December 1, 2020, from and to the extent of available Pledged Revenue. The Bonds mature on December 1, 2060. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Bonds compounds annually on each December 1.

To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until the earlier of its payment or the discharge date of December 1, 2070, and shall continue to bear interest at the rate then borne by the Bonds. To the extent interest on any Bonds is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bonds. In the event any amounts due on the Bonds remain unpaid after the application of all Pledged Revenue available therefor on December 1, 2070, such amounts shall be deemed discharged and shall no longer be due and outstanding.

Bonds Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|---------------------------------------|---------------------------|
| September 1, 2025, to August 31, 2026 | 3.00% |
| September 1, 2026, to August 31, 2027 | 2.00 |
| September 1, 2027, to August 31, 2028 | 1.00 |
| September 1, 2028, and thereafter | 0.00 |

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Bonds Pledged Revenue

The Bonds are secured by Pledged Revenue which means: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) the Capital Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy. Property Tax Revenues are net of collection costs and any tax refunds or abatements authorized by or on behalf of the County and do not include specific ownership tax revenues.

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of the Required Mill Levy.

“Capital Fees” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District, including the Facilities Fees. Capital Fees does not include any fee imposed solely for the purpose of funding operations and maintenance expenses.

Required Mill Levy

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount equal to 45 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2020, but in no event in excess of 50 mills (without adjustment)) or such lesser amount that would generate Property Tax Revenues which, when combined with moneys then on deposit in the Bond Fund, will pay the Bonds in full in the year such levy is collected.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Reserves

Emergency Reserves

TABOR requires local government to establish an Emergency Reserve. This reserve must be at least 3% of fiscal year spending. Since all funds received by the District are Developer advances, an Emergency Reserve is not reflected in the District’s budget.

This information is an integral part of the accompanying budget.

**The Canyons Metropolitan District No. 3
Schedule of Long-Term Obligations**

| | Balance at December 31, 2019 | Additions* | Repayments* | Balance at December 31, 2020* | Additions* | Repayments* | Balance at December 31, 2021* |
|--|------------------------------------|------------------|-------------|-------------------------------------|------------------|-------------|-------------------------------------|
| Developer Advances | - | \$ 50,000 | - | 50,000 | \$ 49,997 | \$ - | \$ 99,997 |
| | - | 50,000 | - | 50,000 | 49,997 | - | 99,997 |
| Accrued interest - Developer Advances | - | - | - | - | 6,016 | - | 6,016 |
| | - | - | - | - | 6,016 | - | 6,016 |
| | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 56,013</u> | <u>\$ -</u> | <u>\$ 106,013</u> |

* Estimate